

# GASB 34 MD&A Checklist

This is a checklist of the topics required to be included in the Management Discussion & Analysis (MD&A). See also OPI's Model MD&A for further guidance and examples. Thanks to Kim Smith, Dept. of Administration for providing OPI with this checklist.

<b><u>Management's Discussion and Analysis (MD&amp;A)</u></b>				
25. Does the MD&A precede the basic financial statements? (COD 2200.106, ASLGU 2.06; GAAFR pg. 254) <i>(Note 1: In a CAFR, the MD&amp;A (part of the financial section) should follow the letter of transmittal (part of the introductory section) (GASB 34 Q&amp;A #6) Note 2: The Illustrative CAFR presented in Appendix D of the GAAFR places the MD&amp;A after the independent auditor's report, although there appears to be no authoritative guidance for the placement of the MD&amp;A relative to the auditor's report.)</i>				
26. At a minimum, does the MD&A include: (COD 2200.109; ASLGU 2.06) <i>(Note 1: The use of charts, graphs, and tables is encouraged. (COD 2200.107) Note 2: Governments can provide additional details about the required topics a through h, below. However, information that does not relate to the required topics should not be included in MD&amp;A. (GASB 34 Q&amp;A #10; COD 2200, footnote 8))</i>  (See illustrative MD&A in COD 2200.907)				
a. A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide? <i>(Note: This discussion should include analyses of why fund financial statements either reinforce information in the government-wide statements or provide additional information.)</i>				
b. Condensed financial information derived from government-wide financial statements comparing the current year to the prior year? Governments should present the information needed to support their analysis of financial position and results of operations required in c, below, including the following elements, if relevant: <i>(Note: In the first year of implementation, governments are not required to restate prior periods to provide this comparative data, but are encouraged to provide comparative analyses of key elements of total governmental funds and total enterprise funds. Also, MD&amp;A should include a statement that, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented. (GASBS 34, para. 145, ASLGU 2.72))</i>				
(1) Total assets, distinguishing between capital and other assets?				
(2) Total liabilities, distinguishing between long-term liabilities and other liabilities?				
(3) Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts?				
(4) Program revenues, by major source?				
(5) General revenues, by major source?				
(6) Total revenues?				
(7) Program expenses, at a minimum by function?				
(8) Total expenses?				
(9) Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers?				

(10) Contributions?				
(11) Special and extraordinary items?				
(12) Transfers?				
(13) Change in net assets?				
(14) Ending net assets?				
c. An analysis of the government's overall financial position and results of operations to assist users in assessing whether financial position has improved or deteriorated as a result of the year's operations? <i>(Note: This analysis should address both governmental and business-type activities as reported in the government-wide financial statements and should include <u>reasons</u> for significant changes from the prior year, not simply the amounts or percentages of change. In addition, important economic factors, such as changes in the tax or employment bases, that significantly affected operating results for the year should be discussed.)</i>				
d. An analysis of balances and transactions of individual funds, including the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use? <i>(Note: This analysis would normally be confined to major programs, although nonmajor funds may be included. (2<sup>nd</sup> GASB 34 Q&amp;A #7))</i>				
e. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund (or its equivalent), including any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity? <i>(Note: The <u>reasons</u> for variances should be discussed; it is not sufficient to state that there were higher-than-expected expenditures. (2<sup>nd</sup> GASB 34 Q&amp;A #9))</i>				
f. A description of significant capital asset and long-term debt activity during the year, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services? (ASLGU 8.96 & 7.50) <i>(Note: For this purpose, it is sufficient to summarize information already disclosed in the notes and make reference to these notes for additional details. (COD 2200, footnote 9))</i>				
g. If the government uses the modified approach to report some or all of their infrastructure assets, a discussion including <b>(1)</b> significant changes in the assessed condition of eligible infrastructure assets from previous condition assessments; <b>(2)</b> how the current assessed condition compares with the condition level the government has established; and <b>(3)</b> any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period? (ASLGU 7.50)				
h. A description of currently known facts (known by management as of date of auditor's report), decisions, or conditions that are expected to have a significant effect on financial position or results of operations? (See also GASB 34 Q&A #13)				

<p>27. If the reporting entity has component units that issue separate financial statements, does the MD &amp; A refer readers to those separately issued financial statements? (COD 2200.108)  <i>(Note: The MD &amp; A should focus on the primary government and should distinguish between information pertaining to the primary government and that of its component units. Discussing matters related to a component unit in the MD &amp; A is a matter of professional judgment.)</i></p>				
<p>28. If a government (single-program or business-type activity) presents comparative <u>financial statements</u>, does the MD&amp;A address both years presented in the comparative financial statements? (GASB 34 Q&amp;A #8) <i>(Note: If a government (engaged in both governmental and business-type activities) presents comparative <u>data</u> (e.g., total reporting entity columns for current and prior years in government-wide statements), the MD&amp;A do not need to address both years. (GASB 34 Q&amp;A #9))</i></p>				